

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matters of

Amending the Definition of Interconnected
VoIP Service in Section 9.3 of the
Commission's Rules

GN Docket No. 11-117

E911 Requirements for IP-Enabled Service
Providers

WC Docket No. 05-196

Facilitating the Deployment of Text-to-911 and
Other Next Generation 911 Applications

PS Docket No. 11-153

Framework for Next Generation 911
Deployment

PS Docket No. 10-255

**OPPOSITION OF QUALCOMM INCORPORATED
TO TELECOMMUNICATION SYSTEMS INC. PETITION
FOR DECLARATORY RULING AND/OR RULEMAKING**

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SUMMARY

The Petition filed by TeleCommunications Systems Inc. (“TCS”) should be denied because it asks the FCC to exceed its legal authority, issue a declaratory ruling that would violate settled law, and take actions that would have devastating public policy consequences.

TCS asks the Commission to declare that patent infringement actions between private companies involving location technology used to comply with the FCC regulations be litigated *against the United States* in the Court of Federal Claims, rather than against the alleged infringer in Article III Courts. In the alternative, TCS asks the FCC to issue regulations that compel patent holders to license all patents covering Enhanced 911 (“E911”) and Next Generation 911 (“NG911”) services and capabilities on reasonable and non-discriminatory (“RAND”) terms.

These requested actions are unprecedented and fall far outside the FCC’s authority under the Communications Act. Congress has vested Article III courts with jurisdiction to hear private patent disputes and the Court of Federal Claims with jurisdiction to hear disputes regarding patents that are “used or manufactured by or for the United States.” Federal courts — not the FCC — have authority to interpret these jurisdictional statutes. Neither the FCC’s organic statute, nor any other statute, gives the Commission authority to interpret these laws. Indeed, not once in its entire history has the FCC opined upon or even mentioned the jurisdictional provision at issue here, which is limited to the federal judiciary and judicial procedure. And, the FCC has never in its history ordered compulsory licensing on patented technologies that are used to meet performance-based FCC regulations.

Even if Congress gave the FCC authority to address the patent issues in the TCS Petition, which it has not done, the Administrative Procedure Act restricts the FCC’s authority to issue declaratory orders to instances where it “terminate[s] a controversy or remove[s] uncertainty.” 5 U.S.C. § 554(e). The TCS Petition does no such thing. Indeed, FCC action here would not only

create controversy and widespread uncertainty, it would also significantly increase U.S. government liability for patent infringement and have other adverse public policy consequences.

The Petition asks the FCC to declare that 28 U.S.C. § 1498 requires that E911 and NG911 patent infringement claims between private litigants be filed with the Court of Federal Claims. But that statute — which courts have held must be strictly construed to limit the kinds of cases heard by the Court of Federal Claims — waives the government’s sovereign immunity from patent infringement claims involving inventions “used or manufactured for or by the United States” where the use or manufacture of the invention was “with the authorization or consent of the Government.” That is not the case here. An FCC regulation requiring companies to meet location-accuracy performance objectives does not “authorize” patent infringement simply because one of the ways companies can meet those objectives is by infringing on another’s patents. Moreover, an invention is not “used or manufactured for or by” the Government merely because it carries some public benefit. Rather, the Government must have commissioned the activity by contract or research grant. That is not the case here.

TCS’s interpretation of Section 1498 would turn a century of precedent on its head. Congress has mandated that patent disputes between private companies be resolved in Article III courts. Article III courts do not suddenly lose their jurisdiction because an alleged infringer claims that its infringing product was invented to comply with Government regulations. If that were the case, Article III courts would never entertain countless other patent disputes regarding heavily regulated products ranging from airbags to child-resistant medicine packaging.

Congress excluded the type of patent disputes at issue here from Section 1498 for good reason. Although TCS tries to sweep this point under the rug, if the Petition was granted, the U.S. Government, and, thus U.S. taxpayers, would be on the hook for E911 and NG911 patent

infringement by private parties. And, because TCS's flawed reading of Section 1498 could apply to any regulated industry, the increased scope of potential patent infringement damages assessed against the Government could be staggering. The declaratory ruling the Petition seeks also would wreak havoc on the existing jurisdictional framework for patent litigation, creating uncertainty for litigants about which tribunal must adjudicate their claims.

The relief sought by TCS also would have other damaging public policy consequences. The proposed compulsory licensing scheme likely would curb the intense innovation that has occurred in the wireless location technology space over the past two decades and curtail the patent rights of NG911 technology developers before FCC rules are even in place — diminishing the positive, pro-competitive results that have played a key role in the advancement of location technology and in the critical area of public safety. It would undermine the constitutional rights of wireless location technology developers who have invested hundreds of millions of dollars to invent life-saving location determination technologies. It also would create uncertainty as to the impact upon potentially thousands of patented inventions unrelated to E911 because the Petition's logic would extend to all other inventions related in some manner to the FCC's E911 location accuracy rules.

Grant of the requested relief would almost certainly be met by a court challenge and leave this matter tied up in courts for years, creating unnecessary confusion in the wireless technology ecosystem and avoidable congestion in our already overburdened judicial system. TCS would have the FCC inject itself into patent disputes better handled by the federal courts and expert federal agencies, such as the U.S. Patent and Trademark Office and the International Trade Commission. Unlike the FCC, the federal courts and these other agencies are well versed in the complexities of patent law. TCS should not be permitted to make an inappropriate end-run

around these long established decision-making institutions and procedures. And, the FCC should not attempt to restrict unlawfully the patent rights of wireless technology innovators, thereby reducing innovation in this critically important sector of the U.S. economy.

Aside from the legal flaws, this is a Petition that fails to consider the serious consequences of its request. Accordingly, the FCC should deny the TCS Petition.

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**OPPOSITION OF QUALCOMM INCORPORATED
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FOR DECLARATORY RULING AND/OR RULEMAKING**

QUALCOMM Incorporated ("Qualcomm") respectfully submits this Opposition in response to the Public Safety and Homeland Security's Public Notice seeking comment on the Petition for Declaratory Ruling and/or Rulemaking of TeleCommunications Systems, Inc.¹ For the reasons set forth herein, Qualcomm respectfully requests that the FCC deny the TCS Petition.²

¹ See Petition of Telecommunication Systems Inc. for Declaratory Ruling and/or Rulemaking, GN Docket No. 11-117, WC Docket No. 05-196, PS Docket No. 11-153, PS Docket No. 10-255 (filed July 24, 2012) ("TCS Petition").

² See Public Safety and Homeland Security Bureau Seeks Comment On Petition For Declaratory Ruling and/or Rulemaking Filed By TeleCommunications Systems, Inc., GN Docket 11-117, WC Docket 05-196, PS Docket 11-153, PS Docket 10-255, Public Notice, DA 13-273 (Feb. 22, 2013).

INTRODUCTION & BACKGROUND

The TCS Petition asks the FCC to take unprecedented action on two main fronts: *First*, the Petition asks the FCC to issue a declaratory ruling that service providers' compliance with Enhanced 911 ("E911") and still-to-be-promulgated Next Generation 911 ("NG911") regulations is a use of intellectual property "by or for the United States" under 28 U.S.C. § 1498. Pet. at 1. The Commission has no authority to issue a declaratory ruling interpreting Section 1498. Were the FCC to issue such a ruling — and were that ruling to withstand a judicial challenge, which is highly unlikely — the end result would significantly increase governmental liability for patent infringement. Indeed, the TCS Petition would make the U.S. government liable for TCS's own infringing activities and the infringement of countless others.

Second, the Petition asks the FCC to adopt rules requiring all intellectual property for 911 and E911 service capabilities to be compulsorily licensed on reasonable and non-discriminatory ("RAND") terms. *See* Pet., Annex A. In other words, the TCS Petition asks the FCC to adopt rules that strip patentees of rights set forth in the U.S. Constitution and the Patent statutes. The FCC has never in its history associated a compulsory licensing obligation with a party's compliance with FCC regulations that do not adopt a specific technology standard. The E911 regulations, for which TCS seeks to impose a novel patent shield, do not impose a standard. They are performance-based requirements that can be met with any technology that can provide the required level of performance. *See* 47 C.F.R. § 20.18(h). Also, because the same network infrastructure and user equipment that is used to support emergency communications is used to support all other communications, the TCS request pulls in much more technology than just those that support E911 services. Were the FCC to grant TCS's Petition for Rulemaking, holders of patented inventions that bear *some* relation to E911 would likewise be compelled to license those patents. Such a result would not be in the public interest.

A. The FCC's E911 Regulations Are Performance-Based Requirements

In 1996, the FCC promulgated Enhanced 911 ("E911") regulations aimed at allowing first responders and safety officials to locate 911 callers using wireless devices. Just as President Kennedy's famous goal to land a man on the moon and return him safely to the earth within a decade did not mandate the design of the Apollo 11 spacecraft, the FCC's E911 regulations did not mandate a particular technical standard for location technology. Rather, the FCC set ambitious performance goals for location accuracy and expected private industry to rise to the challenge. *See* 47.C.F.R. § 20.18 (setting forth, *inter alia*, Phase II accuracy requirements for both handset-based technologies and network-based technologies).³ When the FCC first promulgated Rule Section 20.18, it explained: "Our decisions here ... are consistent with our intentions as expressed in the *Notice* that we would adopt general performance criteria, rather than extensive technical standards, to guide the development of wireless 911 services."⁴ The Commission's approach has worked well.

³ For example, FCC Rule Section 20.18(h), 47 C.F.R. § 20.18 (h), provides in part:

(h) *Phase II accuracy*. Licensees subject to this section shall comply with the following standards for Phase II location accuracy and reliability, to be tested and measured either at the county or at the PSAP service area geographic level, based on outdoor measurements only:

(1) *Network-based technologies*: [require 911 callers to be located to within]

(i) 100 meters for 67 percent of calls, ... in 60 percent of counties or PSAP service areas. ...

(ii) 300 meters for 90 percent of calls, ... in 60 percent of counties or PSAP service areas. ...

(2) *Handset-based technologies*:

(i) Two years from January 18, 2011, 50 meters for 67 percent of calls, and 150 meters for 80 percent of calls, on a per-county or per-PSAP basis. ...

(ii) Eight years from January 18, 2011, 50 meters for 67 percent of calls, and 150 meters for 90 percent of calls, on a per-county or per-PSAP basis.

⁴ *See* Revision of the Commission's Rules to Ensure Compatibility With Enhanced 911 Emergency Calling Systems, *Report and Order and Further Notice of Proposed Rulemaking*, 11 FCC Rcd. 18676, 18714 at ¶ 76 (1996) ("E911 First Report and Order").

Private industry responded by investing tremendous resources in wireless location technologies. Fueled by the promise of patent rights, wireless technology firms vigorously pursued research and development (“R&D”) efforts and invented various technologies to meet the performance requirements in the Commission’s E911 rules. Indeed, the FCC’s rules welcome any new technology that could provide better location determinations, and thus encourage technology innovation.

By investing the time and money to develop these technologies, developers have relied on the United States’ deeply rooted and successful position that strong and effective IP protection is a powerful incentive to encourage companies to continually create new technology and refine existing technology. This incentive is enshrined in the U.S. Constitution, which prescribes that in order to “promote the Progress of Science and useful Arts,” inventors should obtain the “exclusive Right to their ... Discoveries” for a limited time.⁵ These strong patent rights enhance consumer welfare by promoting investment and expanding economic activity, and therefore are critical to the continued growth of the U.S. economy.

B. The Broad Reach Of The TCS Petition

TCS has filed the instant Petition ostensibly because it is unhappy indemnifying its customers that are parties to patent infringement lawsuits accused of infringing location determination patents and other E911-related technologies. The solution to this problem, as TCS sees it, is to either force the U.S. Government to assume liability for patent infringement by

⁵ U.S. CONST. art. I, § 8, cl. 8. Before an inventor receives the valuable rights conferred by a patent, the inventor must disclose completely the invention. The disclosure promotes further R&D and discourages unnecessary duplication of efforts. In this way, the U.S. patent system balances the rights of the inventor against the interests of the public.

requiring these infringement cases to be litigated in the Court of Federal Claims or to compel innovators to license all their patents covering E911 and NG911 services and capabilities.

The Petition is not limited to technologies used solely for E911 or NG911. Indeed, these same location technologies also enable many commercial applications, such as turn-by-turn navigation and other popular location-based mobile apps, ranging from Facebook (social networking), Urbanspoon (restaurant reviews), and Yelp (directory/reviews/social networking) to Zillow (real estate), Flickr (images), and Foursquare (venue-based social networking). By way of example, MetroPCS, a company TCS specifically identifies in its Petition, is involved in a patent infringement suit relating to technology that is used for a turn-by-turn navigation system called “MetroNavigator” and E911 services.⁶

The Petition therefore touches thousands of patented inventions drawn to network infrastructure equipment and related technologies as well as end user equipment, such as feature phones, smartphones, and tablets. Indeed, the same equipment and networks that are used to support E911 services and will be used to support NG911 services are also used for non-emergency purposes. Segregating the two is virtually impossible. Consequently, TCS’s far-

⁶ Pet. at 3-4 (citing *Tendler Cellular of Texas, LLC v. MetroPCS Communications, Inc.*, No. 6:11cv00178 (E.D. Tex.)). MetroPCS’s co-defendants in *Tendler* were not other wireless carriers providing E911 services. They were the car companies Mercedes-Benz and Ford, whose accused infotainment systems provided premium location-based services. See Pet. Ex. C. Apparently, TCS is primarily interested in commercial location-based applications, not E911 services. Its “Location-Based Services” website explains that it “continues to offer top revenue-producing applications for navigation, hyper-local search, asset tracking, and people locators.” See TCS Location-Based Services <http://www.telecomsys.com/products/location-based-services/default.aspx> (last accessed Mar. 25, 2013). These services are not required by the E911 rules. TCS projects that the worldwide revenue for location-based services will “increase 460 percent from a base of \$2.6 billion USD in 2009 to \$14.7 billion USD in 2014.” See TCS, Location-Based Services: An End-to-End Perspective (Fed. 2010), available at <http://info.telecomsys.com/Portals/51409/docs/TeleCommunication-Systems-Whitepaper-LBS-End-to-End-Perspective-MSB020910v5.pdf>. Little, if any, of that projected revenue increase can be attributed to E911 services.

reaching Petition seeks to move all patent infringement claims covering technologies that may have an E911 application to the Court of Federal Claims, even if those same technologies have broader uses.

C. Qualcomm Is A Leading Developer Of Wireless Technologies, Including Location Technologies That Are Used For Emergency Communications And Countless Commercial Location-Based Applications

Qualcomm is one of the world's leading wireless technology development and licensing companies. Understanding that R&D is the lifeblood of innovation, Qualcomm invests enormous amounts in developing new, enabling technologies, including cellular communications and other advanced communications technologies: \$3 billion in fiscal year 2011, rising from \$2.5 billion the year before — a 20% increase in investment.

Qualcomm is the developer of the innovative Assisted GPS ("AGPS") and Advanced Forward Link Trilateration ("AFLT") technologies, which are used to provide life-saving E911 position location information to Public Safety Answering Points ("PSAPs"). As noted above, these technologies also enable turn-by-turn navigation and a variety of commercial location-based services on countless smartphones and tablets. Qualcomm is continuing to develop position location technology enhancements for AGPS and AFLT. Other improvements in wireless position location technology under development involve Wi-Fi positioning, Observed Time Difference Of Arrival ("OTDOA") technology, and sensors in the user device.

Qualcomm holds a significant patent portfolio covering its inventions. Our company has received over 33,000 patents, and currently more than 225 entities license our patents. Qualcomm also has over 77,000 patent applications pending worldwide. While Qualcomm is a leading supplier of chipsets for wireless devices, the company licenses intellectual property from third parties in connection with its chipset and other businesses. And, because Qualcomm is both a technology licensor and a supplier of chipsets for incorporation into equipment that

implements standardized technologies, the company is well positioned to comment on the TCS Petition. Qualcomm's business success depends both on access to others' patents and on the ability to monetize its patented inventions and, if necessary, to enforce its own patents covering those inventions.

ARGUMENT

I. THE COMMISSION LACKS AUTHORITY TO ORDER THE REQUESTED RELIEF

The FCC lacks authority to issue the declaratory ruling or commence the rulemaking requested by TCS. It is up to Congress and the courts, not the FCC, to interpret the jurisdictional provisions at issue here. Indeed, the FCC's organic statute and the Administrative Procedure Act prohibit the FCC from taking the actions sought by TCS.

A. The FCC May Not Usurp Congress's Role In Defining Federal Court Jurisdiction

TCS asks the Commission to interpret a federal jurisdictional statute, 28 U.S.C. § 1498, to require patent infringement actions between private companies involving wireless location technologies used to comply with the FCC's current E911 regulations and future NG911 regulations to be litigated in the Court of Federal Claims. To date, these claims have been litigated in Article III district courts because Congress has expressly given those courts jurisdiction over disputes "relating to patents." *See* 28 U.S.C. § 1338.

The FCC has no authority to interpret the two jurisdictional statutes, Section 1498 and Section 1338, that are implicated by the TCS Petition.⁷ Only Congress has the constitutional authority to define the jurisdiction of the lower courts. *See* U.S. CONST. ART I, § 8, cl. 9; ART.

⁷ Indeed, the FCC has recognized that it is appropriate for it to defer to other agencies and federal courts when patent issues such as those raised by the Petition are presented. *See, e.g., Allnet Communication Services, Inc., Order*, 10 FCC Rcd. 12125 (1995) (deferring to federal court determination on issues relating to patent validity and associated licensing terms).

III, § 1. If there are questions about the scope of those Congressional determinations, the Constitution entrusts the courts (not the FCC) with the role of interpreting these jurisdictional statutes. *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803) (“It is emphatically the province and duty of the judicial department to say what the law is.”). TCS’s proposed declaratory ruling would have the unprecedented effect of a federal agency purportedly stripping jurisdiction from Article III courts and conferring jurisdiction to decide a whole new category of patent disputes on the U.S. Court of Federal Claims. *See* Pet. at 6 (impugning the FCC to “deprive a district court of jurisdiction”). Even more troubling, because the Court of Federal Claims hears only bench trials, TCS’s proposal tramples the patentee’s Seventh Amendment right to trial by jury. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996) (“[D]etermining whether infringement occurred ‘is a question of fact, to be submitted to a jury.’”) (quoting *Winans v. Denmead*, 56 U.S. (15 How.) 330, 338 (1853)). Having failed to consider lack of statutory authority and a Constitutional hurdle, the TCS Petition for Declaratory Ruling fails for these reasons alone.

B. The FCC’s Direct And Ancillary Authority Does Not Extend To Interpretation Of Federal Jurisdictional Statutes Or Patent License Terms

Federal agencies, including the FCC, are authorized to act only as permitted by statute. *See La. Pub. Serv. Comm’n v. FCC*, 476 U.S. 355, 374 (1986) (FCC “literally has no power to act ... unless and until Congress confers power upon it”); *Michigan v. EPA*, 268 F.3d 1075, 1081 (D.C. Cir. 2001) (a federal agency “has no constitutional or common law existence or authority, but only those authorities conferred upon it by Congress”). The FCC may only promulgate regulations and take associated action pursuant to authority directly delegated to the agency by Congress or authority that is ancillary to such direct delegations. Here, Congress has not

delegated authority to the FCC that would give it either direct or ancillary power to interpret Section 1498.

Congress has not conferred direct authority upon the FCC to interpret statutes that govern the judicial branch (such as 28 U.S.C. § 1338) or that set forth the jurisdiction for patent claims made against the United States (28 U.S.C. § 1498). Indeed, the Communications Act references Title 28 of the U.S. Code only to explain how the Commission's decisions may be appealed, *see* 47 U.S.C. § 402, 555, and does not mention Sections 1338 or 1498 of Title 28.⁸ Also, the word “patent” appears nowhere in the Communications Act.⁹ The FCC therefore lacks direct authority to order the relief requested in the TCS Petition.

Nor does the FCC have ancillary authority with respect to interpretation of Section 1498. The Supreme Court “follow[s] a very cautious approach in deciding whether the Commission ha[s] validly invoked its ancillary jurisdiction.” *Am. Library Ass'n v. FCC*, 406 F.3d 689, 702, 705 (D.C. Cir. 2005) (FCC lacks authority “to regulate consumer electronic devices that can be used for receipt of wire or radio communication when those devices are not engaged in the process of radio or wire transmission”). Activities, including those related to patent licensing, fall outside the FCC's ancillary authority even if they are tangentially connected to activities that fall within the FCC's direct authority. *See Ill. Citizens Comm. for Broad. v. FCC*, 467 F.2d 1397, 1399-1400 (7th Cir. 1972) (FCC may not lawfully exercise jurisdiction over activities that do not constitute communication by radio or wire). In this case, the activities at issue —

⁸ Title 28 also confers no authority to the Federal Communications Commission.

⁹ Where the FCC has acted in excess of statutory authorization, the *Chevron* doctrine cannot save the agency's construction of a statute. *See Motion Picture Ass'n of America, Inc. v. FCC*, 309 F.3d 796, 801 (D.C. Cir. 2002) (“[An] agency's interpretation of [a] statute is not entitled to deference absent a delegation of authority from Congress to regulate in the areas at issue.”); *see also Aid Ass'n for Lutherans v. United States Postal Serv.*, 321 F.3d 1166, 1174 (D.C. Cir. 2003).

interpretation of federal jurisdictional provisions and patent regulation — have no connection to the FCC’s direct authority.

The FCC’s lack of ancillary authority is further underscored by the decision of the Constitution and Congress to vest authority to interpret jurisdictional statutes in the courts, not the FCC: “It is one thing for the FCC to invoke its ancillary authority in furtherance of express congressional directives. But it is quite another when the FCC invokes its ancillary jurisdiction to override Congress’s clearly expressed will.” *EchoStar Satellite L.L.C. v. FCC*, 2013 U.S. App. LEXIS 913, at *16-17 (D.C. Cir. Jan. 15, 2013). Congress has never even contemplated giving the FCC the authority to do what TCS seeks here.¹⁰ Any FCC attempt to compel licensing or otherwise regulate patent license terms or interpret the jurisdiction of federal courts to hear claims for patent infringement therefore falls well outside the agency’s ancillary jurisdiction.¹¹

**C. TCS’s Requested Declaratory Ruling Would Directly Violate The
Administrative Procedure Act**

Even if the FCC was authorized to issue a declaratory ruling construing a statute that is not its own organic statute, the Administrative Procedure Act provides that agencies may only

¹⁰ When Congress intends for an agency to play a role in intellectual property disputes, it has expressly given that agency the requisite jurisdiction. For example, Congress has specifically authorized the International Trade Commission to investigate and issue exclusion orders against imports that infringe patents practiced by a domestic industry. *See* 19 U.S.C. § 1337(a)(1)(B). Congress also has recently expanded the role that the United States Patent and Trademark Office plays in reviewing the validity of patents after issuance. *See, e.g.,* America Invents Act, ch. 32, 125 Stat. 305-313 (2011) (to be codified at 35 U.S.C. §§ 321-329).

¹¹ The U.S. Court of Appeals for the D.C. Circuit recently explained that “the FCC may invoke its ancillary jurisdiction only when (1) the Commission’s general jurisdictional grant under Title I [of the Communications Act] covers the regulated subject and (2) the regulations are reasonably ancillary to the Commission’s effective performance of its statutorily mandated responsibilities.” *EchoStar Satellite L.L.C. v. FCC*, 2013 U.S. App. LEXIS 913 at *12 (D.C. Cir. Jan. 15, 2013) (internal quotations and citation omitted). The Commission’s general jurisdictional grant under Title I of the Act does not cover federal court jurisdictional issues or patent disputes. FCC action on the TCS Petition would therefore take the agency far afield from its statutorily mandated role.

issue declaratory rulings if they terminate a controversy or remove uncertainty. Neither of those situations is present here. *See* 5 U.S.C. § 554(e).¹² Thus, there is no question that the FCC lacks authority to issue a ruling of general applicability as to when the Court of Federal Claims has jurisdiction or when the United States is liable for patent infringement.

D. The Commission Lacks Authority To Mandate Compulsory Licensing of Patents

The FCC also lacks the authority to grant TCS’s rulemaking request to mandate that all intellectual property for E911 and NG911 service capabilities be compulsorily licensed. TCS cites to no provision in the FCC’s organic statute that would grant it the authority to compel patent holders to license their patents, to review patent royalty rates or to otherwise involve itself in complex patent matters, especially here, where the relevant FCC rules are performance requirements that may be met by a variety of wireless location technologies.

II. THE FCC SHOULD NOT ISSUE THE REQUESTED DECLARATORY RULING

Even if the FCC had authority to interpret the two federal jurisdictional statutes at issue here — which it does not — it should not adopt the strained and flawed interpretation of 28 U.S.C. § 1498 advanced by TCS. That interpretation ignores the plain language of the statute and the cases interpreting it, and it overlooks serious public policy ramifications that would result from such an interpretation.

A. The Requested Declaratory Ruling Is Contrary To Settled Law

TCS asks the FCC to declare that “the proper forum for mandating patent rights related to mandatory obligations for E911 and future NG911 is the U.S. Court of [Federal] Claims.” Pet. at

¹² *See also* 47 C.F.R. § 1.2(a) Declaratory rulings (“The Commission may, in accordance with section 5(d) of the Administrative Procedure Act, on motion or on its own motion issue a declaratory ruling terminating a controversy or removing uncertainty.”).

19. But the plain language of Section 1498 limits the Court of Federal Claims to jurisdiction over alleged patent infringement by a private party only when a patented invention is used “for the Government” and with the Government’s “authorization or consent.”¹³

The patented inventions at issue here, however, are not used “for the Government,” and the accused infringing use is not made with the Government’s “authorization or consent.” A carrier’s deployment of location-based services for both commercial purposes¹⁴ and E911-compliance is not use “for the Government.” The Government also has never provided a blanket “authorization” allowing companies to infringe on patents related to location-based services. Indeed, the FCC’s E911 rules do not even require the use of a specific location technology; instead, they encourage the development of enhanced location technologies by setting clear performance objectives. The declaration TCS seeks would therefore be directly contrary to the plain language of Section 1498, which, as a waiver of sovereign immunity, must be strictly construed. *See Madey v. Duke Univ.*, 307 F.3d 1351, 1359 (Fed. Cir. 2002) (citing *Irwin v. Dep’t of Veterans Affairs*, 498 U.S. 89 (1990)). We address these points in detail below.

1. Section 1498 Applies Only When the Government “Authorizes” Specific Acts of Infringement, Which It Has Not Done in the E911 Regulations

“[A]s a matter of law ... the government waiver of immunity by authorization and consent requires explicit acts or extrinsic evidence sufficient to prove the government's intention to accept liability *for a specific act of infringement*.” *Auerbach v. Sverdrup Corp.*, 829 F.2d 175, 177 (D.C. Cir. 1987) (interpreting § 1498(b), emphasis added). TCS contends that the FCC has

¹³ Section 1498 also includes direct use “by” the United States, but this is not relevant here.

¹⁴ Although TCS contends that its turn-by-turn navigation system called “MetroNavigator” is “critical to public safety and homeland security,” Pet. at 4, the MetroNavigator system is a commercial product that is not required by the E911 regulations. *See* TCS MetroNavigator - Navigation and Telematics available at <http://www.telecomsys.com/products/navigation-telematics/MetroNavigator.aspx> (last visited March 25, 2013).

not only authorized, but also has implicitly prescribed infringement because its E911 regulations require companies to infringe on patents in order to comply with the regulations. Not so. As explained above, the FCC's E911 regulations are *performance-based* and do not require the use of any specific technology or invention. For example, a wireless provider can use a handset-based technology, a network-based technology, or some combination of the two, to comply with the accuracy requirements set forth in 47 C.F.R. § 20.18.

In any case, it is well-settled law that the government does not implicitly authorize specific acts of infringement by contracting for a result alone. In *Carrier Corp. v. United States*, 534 F.2d 244 (Ct. Cl. 1976), the Court of Claims, whose holdings are binding precedent on the U.S. Court of Appeals for the Federal Circuit,¹⁵ addressed a case involving a government contract for refuse collection at a U.S. Air Force base. The contractor chose to use infringing equipment from among several available alternatives on the open market. Because non-infringing alternatives were available, and the government's contract did not require the contractor to use the infringing alternative, the Court of Claims in *Carrier Corp.* held that government did not implicitly "authorize and consent" to the infringement. *Id.* at 248-249. Thus, Section 1498 did not apply.

The TCS Petition fails to account for the *Carrier Corp.* rule, which has been followed in many subsequent decisions. *See, e.g., Larson v. United States*, 26 Cl. Ct. 365, 370 (1992) (implied authorization and consent requires a government specification that cannot be met without infringing); *see also Madey v. Duke University*, 413 F. Supp. 2d. 601, 607 (M.D.N.C. 2006) (same); *Connell v. KLN Steel Products Ltd.*, No. 04-C-194, 2009 WL 691292, at *12 (N.D. Ill. Mar. 16, 2009) (same).

¹⁵ *South Corp. v. United States*, 690 F. 2d 1368 (Fed. Cir. 1982).

TCS complains about the infringement allegations in *Tendler Cellular of Texas, LLC v. MetroPCS Communications, Inc.*, No. 6:11cv00178 (E.D. Tex.), which accuse location-based services that TCS provides to MetroPCS, including the turn-by-turn navigation system called “MetroNavigator” and E911 services. Pet. at 3-4. But the patents asserted in that action are expressly limited to GPS-based technologies. See U.S. Patent Nos. 7,447,508 & 7,844,282. TCS is free to use non-infringing alternatives or develop other technologies that meet the E911 regulations. The availability of non-infringing alternatives demonstrates that the government has not implicitly authorized or consented to TCS’s specific location technology choice. *Carrier Corp.*, 534 F.2d at 248-49. Other alternatives may limit TCS’s ability to offer turn-by-turn navigation, but TCS’s proposed “solution,” taken to its logical end result, would require the government to assume liability for TCS’s commercial navigation system.

2. Use of an Invention by a Private Party to Comply with a Regulation Is Not Use “For the Government” When There Is No Contract With the Government or The Use Is Not for the Government’s Direct Benefit

Generally speaking, unless the U.S. or its instrumentalities directly use a patented invention, “the United States can only be held liable for patent infringement if it ... authorizes or consents to the use or the manufacture of a patented invention by a *contractor* without a license for its benefit.” *Parker Beach Restoration, Inc. v. United States*, 58 Fed. Cl. 126, 131 (2003) (emphasis added). The U.S. Court of Appeals for the Federal Circuit also has observed that the “for the Government” provision in Section 1498(a) appears to impose “a requirement that the use or manufacture of a patented method or apparatus occur pursuant to a *contract* with the government and for the benefit of the government.” *Sevenson Environmental Servs. v. Shaw*

Environmental, 477 F.3d 1361, 1365 (Fed. Cir. 2007) (emphasis added).¹⁶ TCS, however, asks the FCC to interpret Section 1498 so that TCS's allegedly infringing activity can be attributed to the government even though the Government has not contracted for the accused activity and does not receive a direct benefit from it.

TCS's novel interpretation conflicts with longstanding precedent in two ways. *First*, TCS has failed to identify a single case in which the Government assumed the liability of a private party for patent infringement outside of a procurement or other contractual relationship. As explained above, nearly every Section 1498 case relates to government procurement. Other cases under Section 1498 relate to government research contracts. TCS cites one research case, *Madey v. Duke University*, 413 F. Supp. 2d 601, 607 (M.D.N.C. 2006), for the proposition that "[a] use is 'for the Government' if it is 'in furtherance and fulfillment of a stated Government policy' which serves the Government's interests and which is 'for the Government's benefit.'" Pet. at 19. This dictum does not overcome by any means the requirement that the Government have a procurement or contractual relationship with private parties in order to assume their liability under Section 1498. Indeed, the *Madey* court expressly acknowledged that government research grants are just like government contracts for the purposes of Section 1498. *See Madey*, 413 F. Supp. 2d at 616 ("[T]o determine whether § 1498(a) provides an affirmative defense to the recipient of a Government research grant, the Court must, as with other Government contracts, determine whether the Government research grants authorize the necessary predicates for § 1498(a)") (internal quotations omitted).

¹⁶ In a case involving procurement by Federal Reserve Banks, the Federal Circuit stated in dictum that the government did not have "to be a party to a contract" in a case involving procurement because, *inter alia*, the government told the Federal Circuit that it agreed to assume liability and Section 1498 should be interpreted broadly in the procurement context. *Advanced Software Design Corp. v. Fed. Res. Bank*, 583 F.3d 1371, 1375-78 (Fed. Cir. 2009).

TCS also cites the unpublished decision in *Advanced Software Design Corp. v. Fed. Reserve Bank of St. Louis*, No. 07-CV-185, 2007 U.S. Dist. LEXIS 83538 at *11 (E.D. Mo. 2007), for the proposition that “‘for the government’ means that the use must take place in furtherance of government policy with some benefit accruing to the government.” Pet. at 20. But that case examined an entirely different situation involving quasi-public Federal Reserve Banks. The Banks had procured software from co-defendant Fiserv, Inc. in order to validate U.S. Treasury checks and prevent check fraud. *Advanced Software*, 2007 U.S. Dist. LEXIS 83538 at *3-4. Although the court held that Section 1498 applied to this software procurement due to the unique status of the Banks,¹⁷ the court expressly retained jurisdiction over all of Fiserv’s other sales to private parties. *Id.* at *23. Thus, *Advanced Software* stands for nothing more than the general rule that Section 1498 should be read broadly in procurement contexts “so as not to limit the Government’s freedom in procurement by considerations of private patent infringement.” *Advanced Software*, 583 F.3d at 1375 (quoting *TVI Energy Corp. v. Blane*, 806 F.2d 1057, 1060 (Fed. Cir. 1986)).

The TCS Petition contains an unprecedented request to have the federal government assume the liability of private parties for patent infringement in the absence of a procurement or other contractual relationship. This liberal interpretation of Section 1498 must be rejected because waivers of sovereign immunity are strictly construed. *See Irwin v. Dep’t of Veterans Affairs*, 498 U.S. 89 (1990)

¹⁷ The court concluded that the Banks were acting “for the government” under Section 1498 because — as “instrumentalities” and “fiscal agents” of the United States — the Banks’ “interests seem indistinguishable from the sovereign.” *Advanced Software*, 2007 U.S. Dist. LEXIS 83538 at *17. Wireless carriers obviously are not instrumentalities or fiscal agents of the United States, and indisputably have distinct interests.

Second, the TCS Petition overlooks Section 1498’s exclusive application where a specific benefit from the infringing activity accrues to the federal government. *See Windsurfing Int’l v. Ostermann*, 534 F. Supp. 581, 588 (S.D.N.Y. 1982) (the government interest cannot be “seen as too remote”); *Advanced Software*, 2007 U.S. Dist. LEXIS 83538, at *14 (same). For example, although the federal government may have had a general interest in the success of the 1984 Olympic Games in Los Angeles, any interest it may have had in the success of a single event, boardsailing, was “simply too remote from the purposes underlying § 1498 to support the conclusion that the use of sailboards [at the Games] is use ‘for’ the United States entitling the patentee to sue the government for compensation.” *Windsurfing Int’l*, 534 F. Supp. at 588. Similarly, the federal government’s interest in Medicare did not mean that medical devices used on Medicare patients were used “for” the government. *Larson v. United States*, 26 Cl. Ct. 365, 368-69 (1992). Even though the government reimbursed costs for these devices, the “use of the [medical devices] was that of the health care providers” in order to provide “[m]edical care for the benefit of the patient, not the government.” *Id.*

TCS contends that its use of location-based services to comply with E911 regulations provides an ultimate benefit that is “shared among Federal and state public safety officials and the public they serve.” Pet. at 20. But TCS cannot dispute that this benefit is actually conferred on state and local officials that staff 911 call centers and members of the public, specifically the users of E911 services. *See* 47 C.F.R. § 20.18 (requiring location information to be provided to Public Safety Answering Points, not the federal government).

Just as the federal government’s interest in Medicare was too far removed from the accused medical devices at issue in *Larson*, the federal government’s general interest in E911 location accuracy is too attenuated from the benefit arising out of the use of location-based

services to require Section 1498 adjudication of disputes. Because the federal government itself does not directly benefit from the infringing activity at issue in E911 regulations, the infringing activity is not “used ... for” the government within the meaning of Section 1498.¹⁸

Even *Advanced Software* — the decision relied upon by TCS — proves this rule. In that case, Section 1498 was held to apply only to the uses of the patented invention that replaced traditional government functions, that is, validation of U.S. Treasury checks by the Treasury Department. *Advanced Software*, 583 F.3d at 1373. The government’s general interest in preventing check fraud was insufficient to apply Section 1498 to Fiserv’s software sales to private parties. *Id.* at 1379; *Advanced Software*, 2007 U.S. Dist. LEXIS 83538 at *23. Accordingly, because the use of an invention by a private party to comply with E911 regulations is not for the government’s direct benefit and because the invention is not created pursuant to a government contract, Section 1498 does not apply.

3. Patent Disputes Involving Technologies Used to Comply with Government Regulations are Routinely Resolved in Article III Courts

The application of 28 U.S.C. § 1338 — which grants Article III district courts jurisdiction over disputes “relating to patents” — to disputes of this kind, rather than 28 U.S.C. § 1498, is further evidenced by a century of precedent. This jurisdictional scheme for patent disputes has been in place for more than a century. *See Sperry Gyroscope Co. v. Arma Eng’g Co.*, 271 U.S. 232, 234 (1926) (discussing the Act of June 25, 1910, ch. 423, 36 Stat. 851). Article III district courts have jurisdiction over patent disputes involving private parties, while infringement suits

¹⁸ *See Riles v. Amerada Hess Corp.*, 999 F. Supp. 938, 940 (S.D. Tex. 1998) (holding that even though the federal government had a national interest in developing public lands and derived a royalty from a lease for private drilling on those public lands, the drilling was not performed “for the government” under § 1498 because “the primary purpose of § 1498(a) is to allow the United States Government to purchase goods and services *for performance of Governmental functions*”) (emphasis added).

against the United States must be lodged in limited-jurisdiction courts where the United States has waived its sovereign immunity like the Court of Federal Claims.

TCS seeks FCC intervention to upset this longstanding jurisdictional scheme. Specifically, TCS seeks a declaratory ruling that patent disputes between private parties involving technology used to meet E911 and NG911 public safety regulations must be brought in the Court of Federal Claims under 28 U.S.C. § 1498. *See* Pet. at 20. But, such disputes have always been brought in Article III district courts.¹⁹ Tellingly, the TCS Petition does not cite a single case in which public safety regulations have created the basis for jurisdiction under Section 1498. Indeed, the FCC has not once in its history considered the applicability of Section 1498, and there is no sound reason for it to do so in this instance.

B. The Requested Declaratory Ruling Would Greatly Increase Government Liability For Patent Infringement And Create Considerable Judicial Uncertainty

1. The TCS Petition Would Increase Government Liability for Patent Infringement

Although the TCS Petition completely overlooks the non-jurisdictional aspects of 28 U.S.C. § 1498, it is well-settled law that Section 1498 affects more than the choice of forum. In addition to vesting the Court of Federal Claims with jurisdiction over actions involving governmental patent infringement, Section 1498 waives sovereign immunity and “effects an assumption of liability by the government” for infringement by government contractors.

¹⁹ For example, the National Highway Traffic Safety Administration (“NHTSA”) has issued regulations requiring air bags in new cars, *see* 49 C.F.R. § 471.208, yet patent disputes over air bag technology have been brought in Article III district courts. *See, e.g., Wacoh Co. v. Chrysler LLC*, No. 08-cv-456 (W.D. Wis.); *Fleming v. Ford Motor Co.*, No. 2:06-cv-11676 (E.D. Mich.). Similarly, Article III district courts have heard cases relating to patents for child-resistant medicine containers even though the Consumer Products Safety Commission has mandated performance standards for such containers at 16 C.F.R. §§ 1700.14, 1700.15. *See Plastic Container Corp. v. Cont'l Plastics of Okla., Inc.*, 708 F.2d 1554 (10th Cir. 1983).

Advanced Software Design Corp. v. Fed. Res. Bank, 583 F.3d 1371, 1375 (Fed. Cir. 2009) (quoting *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 3434 (1928)).

The history of this statute demonstrates that the government took this unusual approach of indemnifying private parties in order to ease government procurement. During World War I, Franklin D. Roosevelt, then Acting Secretary of the Navy, reported that the Navy was having difficulty finding manufacturers to take contracts due to fears of patent litigation. See *Wood v. Atlantic Gulf & Pacific Co.*, 296 F. 718, 720-721 (S.D. Ala. 1924); see also *Richmond Screw*, 275 U.S. at 342-343. Congress responded by extending the waiver of sovereign immunity from patented inventions “used by” the government to also include patented inventions “used or manufactured ... for” the government. *Richmond Screw*, 275 U.S. at 342-343. “The purpose of the amendment was to relieve the contractor entirely from liability of every kind for the infringement of patents in manufacturing anything for the government” *Id.* at 343.

In light of this history, the vast majority of cases brought under Section 1498 involve government procurement. See, e.g., *Richmond Screw*, 275 U.S. at 337 (procurement contract for cargo beams).²⁰ Indeed, “[t]he primary purpose of § 1498(a) is to allow the United States Government to purchase goods and services for performance of Governmental functions without the threat that the work will not be completed because the supplier or contractor is enjoined for patent infringement.” *Riles v. Amerada Hess Corp.*, 999 F. Supp. 938, 940 (S.D. Tex. 1998).

²⁰ See also *Sperry Gyroscope*, 271 U.S. at 233 (procurement contract for gyroscopic compasses); *Sevenson Environmental Servs. v. Shaw Environmental*, 477 F.3d 1361, 1363 (Fed. Cir. 2007) (same for hazardous waste remediation); *TVI Energy Corp. v. Blane*, 806 F.2d 1057 (Fed. Cir. 1986) (alleged infringement occurred during demonstration required by the Government’s procurement procedures); *Motorola v. United States*, 729 F.2d 765, 767 (Fed. Cir. 1984) (procurement contract for radio beacons); *Bereslavsky v. Esso Standard Oil Co.*, 175 F.2d 148 (4th Cir. 1949) (same for motor fuel).

However, the TCS Petition seeks an unprecedented expansion of Section 1498, well beyond government procurement. For the first time in history, a federal agency would deem any use of a patented invention by a private party to comply with a federal regulation as “use[] ... for” the United States government under Section 1498. TCS’s proposed rule thus would limit a patentee’s remedy to an “action against the United States in the United States Court of Federal Claims.” 28 U.S.C. § 1498. Such a wholesale reversal of the settled division of jurisdictional responsibilities between federal district courts and the Court of Federal Claims would massively increase governmental, and ultimately U.S. taxpayers’, liability for patent infringement by private parties. Indeed, the declaratory ruling sought by the Petition would subject the *U.S. Government* to litigation brought by the very patent assertion entities (“PAEs”) that TCS criticizes in its Petition.

For example, the National Highway Traffic Safety Administration (“NHTSA”) has passed regulations requiring airbags in automobiles. If Chrysler were to accuse Ford of infringing an U.S. airbag patent, under present law, Ford would be liable for the alleged infringement in nearly every domestic Ford vehicle. Section 1498 might result in the federal government assuming Ford’s liability for any vehicles that it had procured. However, the basis for Section 1498 jurisdiction would be the procurement contract, not the NHTSA regulation. And, the procurement contract would likely include a provision requiring Ford to indemnify the Federal Government for any patent infringement losses.²¹

²¹ Federal Acquisition Regulations require the Contractor to “indemnify the Government ... for [patent] infringement ... arising out of the manufacture or delivery of supplies, the performance of services, or the construction, alteration, modification, or repair of real property,” except in limited circumstances. 48 C.F.R. § 52.227-3.

TCS's construction of Section 1498 would have the government assume liability for every domestic Ford vehicle, including the millions sold each year to private citizens. Given the large and growing number of safety regulations promulgated by the federal government, the potential liability to U.S. taxpayers is staggering. Moreover, without a procurement contract, there would be no requirement for Ford to reimburse the federal government for any losses.

Thus, TCS's requested Declaratory Ruling would exponentially increase the FCC's responsibility for payments from the Judgment Fund. "The Judgment Fund is a permanent, indefinite appropriation which is available to pay many judicially and administratively ordered monetary awards against the United States." 31 C.F.R. § 256.1. Because patent infringement actions would have to be brought against the U.S. in the Court of Federal Claims, damages would be paid out of the Judgment Fund. *See* 28 U.S.C. § 2517; 31 U.S.C. § 1304.²² Over the last decade, the FCC has been responsible for less than \$900,000 in payments from the Judgment Fund, but over the same time period, other agencies have been responsible for over \$50M in payments from the Judgment Fund just due to Section 1498.²³ And the total value of judgments under Section 1498 is likely much higher, because government suppliers are required to reimburse government losses under 48 C.F.R. § 52.227-3. The proposed Declaratory Ruling would therefore greatly expand the governmental liability under the Judgment Fund that is attributable to the FCC.²⁴

²² *See also Slattery v. United States*, 635 F.3d 1298, 1302-1303 (Fed. Cir. 2011) (en banc) (discussing history of Judgment Fund).

²³ These data were compiled from the Judgment Fund database *available at* <https://jfund.fms.treas.gov/jfradSearchWeb/JFPymtSearchAction.do>.

²⁴ If the FCC was to treat the carriers as contractors for the purposes of this Declaratory Ruling, the agency also may be required to reimburse the Judgment Fund for any payments. *See* 31 C.F.R. § 256.40.

Moreover, because the Judgment Fund is a permanent and indefinite appropriation, there would be no cap on the government's potential liability due to this Declaratory Ruling. It would instead give infringing entities an unlimited entitlement, thereby creating moral hazards in which they are free to reap the profits from their infringement and force taxpayers to foot the bill.

In addition, because it is not possible to separate patents used for E911 location determination from commercial location-based services, TCS's proposed rule may effectively indemnify applications and technologies that are used not only for E911, but also for commercial location-based services, which are well outside the scope of the FCC's E911 regulations. This demonstrates that the scope of relief requested in the TCS Petition is dangerously overbroad. In essence, TCS's solution to its problem is an interpretation that would transfer potential litigation and liability to the government on a massive scale across many industries in ways that cannot yet be easily foreseen. It is a solution that lacks forethought.

2. The Declaratory Ruling Would Create Significant Confusion and Potentially Deprive Patentees of Any Recovery

Today, patent infringement litigants have jurisdictional certainty regarding which tribunal must adjudicate their suits and claims. A patentee knows to file an infringement action in an Article III district court unless the accused infringer is acting pursuant to a government contract or otherwise assisting a government procurement. If the government or one of its contractors is infringing a patent, however, the patentee knows that suit must be brought in the Court of Federal Claims.

TCS's proposed ruling would create tremendous uncertainty regarding the proper venue and pose unfair consequences for filing in the wrong forum. TCS is not only seeking an unprecedented application of Section 1498 to government regulations; it is also asking the FCC to adopt this interpretation instead of a court or Congress. It is entirely unclear what effect, if

any, courts would give to an FCC declaration that purports to waive sovereign immunity and identifies the Court of Federal Claims as the appropriate forum for patent litigation related to E911 location regulations.

As explained above, the Constitution grants Congress the authority to pass laws defining the jurisdiction of the lower courts.²⁵ Given the FCC’s lack of authority to expand Court of Federal Claims jurisdiction and strip jurisdiction from Article III courts, it is completely unknown how courts would respond to TCS’s requested declaration. Were the FCC to issue the requested declaratory ruling, a patentee would be forced to guess whether that ruling had any jurisdictional effect.²⁶

This jurisdictional uncertainty would be costly and harmful to litigants because the United States refuses to entertain multiple suits arising from the same transaction. Specifically, Section 1500 of Title 28 deprives the Court of Federal Claims of jurisdiction for “any claim ... which the plaintiff ... has pending in any other court any suit ... against the United States or any person ... acting or professing to act ... under the authority of the United States.” 28 U.S.C. § 1500. Congress enacted this jurisdictional bar after the Civil War in response to duplicative lawsuits filed in different courts that sought a recovery for cotton taken by the Federal Government. *See United States v. Tohono O’Odham Nation*, 131 S. Ct. 1723, 1728 (2011).

²⁵ See U.S. Const. Art I, § 8, cl. 9; Art. III, § 1. And the Constitution entrusts the courts with the role of interpreting these jurisdictional statutes. *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803) (“It is emphatically the province and duty of the judicial department to say what the law is.”).

²⁶ TCS’s belief that the requested FCC declaratory ruling would stop a litigant from attempting “to convince a court that the alleged infringement does not fall under the provisions of 28 U.S.C. § 1498, because the use is not ‘by or for’ the U.S. government,” Pet. at 6, is incorrect. Such a ruling would encourage litigants to assert that Section 1498 does not apply.

Section 1500 “reflects a robust response” to this problem by barring duplicative suits arising out of the same transaction. *Id.* at 1728, 1730.

Under Section 1500, a claimant can lose her cause of action altogether by filing suit in the wrong court. For example, in *Trusted Integration, Inc. v. United States*, 659 F.3d 1159 (Fed. Cir. 2011), the claimant filed a first action against the government in district court alleging breach of fiduciary duty and a second related action against the government in the Court of Federal Claims alleging breach of the duty of good faith and fair dealing. *Id.* at 1162. The United States successfully sought dismissal of both actions on jurisdictional grounds. The district court claim was dismissed because it fell within the exclusive jurisdiction of the Court of Federal Claims, and the Court of Federal Claims complaint was dismissed under Section 1500 because the claimant had a related claim pending in district court. *Id.*

A patentee confronted with Section 1500 and the uncertain effect of an FCC declaratory ruling on Section 1498 faces a Hobson’s choice. If the patentee were to file suit in district court against a carrier, it would risk forever losing its infringement action like the claimant in *Trusted Integration*. Yet, by filing in the Court of Federal Claims, the patentee would be forced to sue the United States instead of the actual infringer, with a highly questionable outcome.

III. THE RELIEF REQUESTED BY TCS IS CONTRARY TO THE PUBLIC INTEREST

A. Grant Of The Petition Would Curtail Innovation in The Wireless E911 Location Technology Space

As noted above, the FCC’s E911 regulations do not require carriers to use any specific location technology nor do they impose a “standard” means carriers must use for determining a caller’s location. Rather, the E911 location regulations are performance-based requirements that are designed to encourage — and have encouraged — ongoing technology innovation in this space. Put another way, these rules allow wireless service providers to license existing

technology or develop their own. As long as the technology achieves the performance criteria, it complies with the regulations. Providers and other users therefore have flexibility to deploy technologies invented and patented by third-parties, or to invent and develop their own, as long as the technologies used permit the location of wireless emergency callers within the particular accuracy parameters set by the FCC. This system has worked well in promoting the continued development of emergency caller location technologies.

Replacing the current system with a compulsory licensing scheme — which is what grant of the TCS Petition would do — would disrupt the important role played by the U.S. patent system in driving innovation, competition, and the U.S. economy would be undermined. The patent system is instrumental in creating new jobs, supporting investment opportunities, increasing productivity, and expanding trade. Critical to the patent system's success is the Constitutionally and statutorily-protected right of patent owners to control the use of their inventions by others, including the ability to commercialize those inventions, thereby allowing patent owners to realize an adequate return on their investments in R&D of such inventions. In this instance, a grant of the TCS Petition would violate the rights of location technology developers and innovators who have invested hundreds of millions of dollars inventing highly-useful and life-saving location determination technologies. Imposing constraints on patent owners' ability to realize the rewards of their successful inventive efforts, as requested by Petitioner, would upset the risk-reward balance established by the U.S patent system. This “taking” would also set a dangerous precedent for other governments to require compulsory licensing in any instance where, for example, the innovation relates to government regulations for health and safety. This is yet another consequence TCS has failed to consider — the international impact of such a precedent.

B. Grant Of The Petition Would Harm The Entire Wireless Industry

Grant of the petition would not only curtail E911 technology innovation; it would also curtail innovation for highly-useful commercial location-based services, such as turn-by-turn navigation and a broad collection of consumer applications noted above. It is not possible to segregate network infrastructure and user equipment that supports E911 capabilities from the equipment that supports non-emergency communications because the same equipment supports both types of communications. NG911 capabilities similarly will run across the entire network. As a result, the holders of innovative location-based patents drawn to innovative commercial applications, which may only be remotely related to E911 and NG911 capabilities, could be forced to compulsorily license their patents.

Accordingly, FCC action along the lines proposed by TCS could arguably be applied to any patented technology that is even remotely implicated by products or services that are relevant to the FCC's E911 rules, like the commercial location-based technologies discussed herein, thus deterring invention of highly-useful, consumer-friendly location technologies;

C. Grant Of The Petition Would Have Other Harmful Public Policy Consequences

Even if the FCC had the legal authority to grant the Petition — which, for all the reasons explained above, it does not — doing so would run directly counter to the FCC's public interest mandate. *See e.g.*, 47 U.S.C. § 161 (requiring the Commission to review whether regulations “are necessary in the public interest”). A number of particularly harmful public policy consequences would ensue were the FCC to take favorable action on the TCS Petition.

- Grant of the Petition would have the FCC play an active role in deterring ongoing inventive activities in the critical area of public safety and diminish the positive, pro-competitive results the current FCC rules have played in the advancement in location technology;

- The Petition completely ignores the impact that it would have on existing litigation and patent licensing agreements. Favorable FCC action on the Petition would introduce uncertainty in pending litigation, patent licensing agreements, and ongoing negotiations involving critically important intellectual property;
- Favorable action on the Petition would open a Pandora's box to similar requests involving countless other FCC regulations and place the agency on a dangerously slippery slope. It would force the Commission to consider whether the U.S. Government is liable for literally tens of thousands of inventions regulated by the FCC and whether patentees should be forced to license them; and
- Grant of the requested relief would almost certainly be met by a court challenge and leave this matter tied up in the courts for years to come, creating unnecessary and avoidable congestion in our already overburdened judicial system. The resulting uncertainties would further limit innovation and development of improved E911 technologies and novel NG911 technologies.

Accordingly, grant of the TCS petition would be directly contrary to the public interest.

D. The Commission's E911 Regulatory Regime Is Working Well

TCS offers no support for its allegations that the "lack of a consistent Commission policy as to patent interference management has become a significant roadblock to the provision of E911" and that it will increase with NG911 deployment.²⁷ TCS also provides no support for its assertion that the threat of patent lawsuits will lead to "market failure."²⁸

The actual facts tell a very different story. The FCC's wireless E911 rules were adopted in 1996, and they are accomplishing their objective of allowing first responders and safety officials to locate with continually improving accuracy 911 callers using wireless devices. E911 deployments have spread across the U.S. and a variety of wireless location technologies are being used successfully to pinpoint emergency callers every minute of every day. Indeed, the

²⁷ See TCS March 1, 2013 Ex Parte Letter in GN Docket No. 11-117, WC Docket No. 05-196, PS Docket No. 11-153 and PS Docket No. 10-255; *see also* Pet.

²⁸ Pet. at 4.

FCC itself has noted that E911 services are “widely available” across the country.²⁹ Active NG911 R&D work and Text-to-911 trials also are ongoing.³⁰ Now, nearly two decades later, it makes no sense to change the rules in the manner proposed by TCS. Qualcomm and other wireless technology developers are hard at work improving tools to: (i) locate individuals during emergencies; and (ii) offer consumers location-based technologies that are directly improving consumers’ lives and the U.S. economy more broadly. Even if one ignores the many legal infirmities with the TCS Petition, the Commission should not involve itself in the Petitioner’s patent problems, especially where the allegations on which the Petition is based are contradicted by the plain facts.

²⁹ Facilitating the Deployment of Text-To-911, *Notice of Proposed Rulemaking*. 26 FCC Rcd. 13615, 13623 ¶ 22 (F.C.C. 2011).

³⁰ *See generally id.*

CONCLUSION

For all of the foregoing reasons, Qualcomm respectfully requests that the Commission deny the Petition in its entirety.

Respectfully submitted,

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